

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL
3 Chairman
4 JIM IRVIN
5 Commissioner
6 MARC SPITZER
7 Commissioner

8 In the matter of)
9) DOCKET NO. S-03391A-02-0000
10 BRIAN BAMMAN)
11 14104 E. ANDREW DRIVE)
12 FOUNTAIN HILLS, ARIZONA 85268) DECISION NO. _____
13)
14 BAMEX INTERNATIONAL, LTD.)
15 1221 E. OSBORN RD., #105) **ORDER TO CEASE AND DESIST,**
16 PHOENIX, ARIZONA 85014) **ORDER OF RESTITUTION, ORDER**
17) **FOR ADMINISTRATIVE PENALTIES**
18 Respondents.) **AND CONSENT TO SAME**
19) **BY: BRIAN BAMMAN AND BAMEX**
20) **INTERNATIONAL, LTD.**
21 _____)

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23 RESPONDENT BRIAN BAMMAN and RESPONDENT BAMEX INTERNATIONAL,
24 LTD. (collectively "RESPONDENTS") elect to permanently waive their right to a hearing and
25 appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801, *et seq.*
26 ("Securities Act") with respect to this Order To Cease and Desist, Order of Restitution, For
Administrative Penalties and Consent to Same ("Order"). RESPONDENTS admit the jurisdiction
of the Arizona Corporation Commission ("Commission"); admit only for purposes of this
proceeding and any other administrative proceeding before the Commission or any other agency of
the State of Arizona the Findings of Fact and Conclusions of Law contained in this Order; and
consent to the entry of this Order by the Commission.

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I.**FINDINGS OF FACT**

1. RESPONDENT BRIAN BAMMAN (“BAMMAN”), whose address is 14104 E. Andrew Drive, Fountain Hills, Arizona 85268, was the president of BAMEX.

2. RESPONDENT BAMEX INTERNATIONAL, LTD. (“BAMEX”), was an Arizona corporation at all relevant times. BAMEX is no longer an operating business.

3. Beginning in 1999, RESPONDENTS solicited investors to invest in foreign currency contracts. RESPONDENTS advertised to the general public in publications, attended financial conferences and maintained an Internet website offering their services in investing in foreign currencies.

4. RESPONDENTS informed investors that they would limit risk through conservative trading strategies. RESPONDENTS alleged that through use of these conservative trading techniques, investors could expect a net return of 72% - 84% per annum. Investors were told that other investors had been very successful. The leveraged trading accounts offered or sold by RESPONDENTS were promoted as an investment rather than a commercial facility, with a focus on high return to the investor from speculation profits instead of the actual delivery of foreign currency to or by the account holder.

5. RESPONDENTS told some investors that RESPONDENTS did not need to be licensed to trade in foreign currencies for investors.

6. Investors from Arizona and nationwide invested with RESPONDENTS. RESPONDENTS did provide multi-page disclosure statements to investors at time of investment, some of which contradicted the oral representations made to investors. Additionally, the disclosure statements alleged that currency investments were only suitable for sophisticated institutions and investors able to withstand the loss of all their investments, when at least some of the investors had limited net worth.

7. Despite promises to investors, RESPONDENTS did not provide monthly statements. Investors were unable to obtain information regarding their account status, other than contacting RESPONDENTS and being orally informed as to the amount held in their account. Some investors were unaware of any losses in their accounts until informed by RESPONDENTS that they had no funds left in their accounts.

8. In 1996, the National Futures Association (“NFA”) issued a complaint against BAMMAN alleging that he, and others, used fraudulent or deceitful communications with the public, in violation of NFA rules. On December 2, 1996, BAMMAN settled the complaint with the NFA, agreeing to pay a \$10,000 fine. RESPONDENTS did not inform any investor of BAMMAN’s prior regulatory problems.

9. RESPONDENTS obtained funds from at least 22 investors, who placed over \$3,000,000 with RESPONDENTS. RESPONDENTS ultimately lost \$1,242,429.84 of investors' funds.

II.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. RESPONDENTS offered or sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

3. RESPONDENTS violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. RESPONDENTS violated A.R.S. § 44-1842 by offering or selling securities while neither registered as dealers or salesmen nor exempt from registration.

5. RESPONDENTS violated A.R.S. § 44-1991 by offering or selling securities within or from Arizona by making untrue statements or misleading omissions of material facts.

6. RESPONDENTS' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

7. RESPONDENTS' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

8. RESPONDENTS' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and the RESPONDENTS' consent to the entry of this Order, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS, their agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS shall, jointly and severally, pay restitution to investors shown on the records of the Commission in the amount of \$1,242,429.84, plus interest at the rate of 10% per annum from the date of each investment until paid in full. Payment shall be made by cashier's check or money order payable to the "State of Arizona" to be placed in an interest-bearing account maintained and controlled by the Arizona Attorney General. The Arizona Attorney General shall disburse the funds on a pro rata basis to investors. If all investors are paid in full, any excess funds shall revert to the state of Arizona.

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1 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDENTS, jointly
2 and severally, shall pay an administrative penalty in the amount of \$35,000, payable to the "State
3 of Arizona." Payment shall be made in full by cashier's check or money order on the date of this
4 Order. Any unpaid amount shall accrue interest at the rate of 10% per annum until paid in full.

5 IT IS FURTHER ORDERED that this Order shall become effective immediately.

6 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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9 CHAIRMAN

COMMISSIONER

COMMISSIONER

10 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
11 Executive Secretary of the Arizona Corporation
12 Commission, have hereunto set my hand and caused the
13 official seal of the Commission to be affixed at the
14 Capitol, in the City of Phoenix, this _____ day of
15 _____, 2002.

16 _____
BRIAN C. McNEIL
Executive Secretary

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18 _____
DISSENT

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20 This document is available in alternative formats by contacting Shelly M. Hood, Executive
21 Assistant to the Executive Secretary, voice phone number 602-542-3931, E-mail
22 shood@cc.state.az.us.

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25 N:\ENFORCE\CASES\Bamex.md\PLEADING\Consent.doc

CONSENT TO ENTRY OF ORDER

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2 1. RESPONDENTS admit the jurisdiction of the Commission over the subject matter of
3 this proceeding. RESPONDENTS acknowledge that they has been fully advised of their right to a
4 hearing to present evidence and call witnesses and RESPONDENTS knowingly and voluntarily
5 waive any and all rights to a hearing before the Commission and all other rights otherwise
6 available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code.
7 RESPONDENTS acknowledge that this Order constitutes a valid final order of the Commission.

8 2. RESPONDENTS knowingly and voluntarily waive any right they may have under
9 Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or
10 extraordinary relief resulting from the entry of this Order.

11 3. RESPONDENTS acknowledge and agree that this Order is entered into freely and
12 voluntarily and that no promise was made or coercion used to induce such entry.

13 4. RESPONDENTS acknowledge that they have been represented by counsel in this
14 matter, they have reviewed this Order with their attorney and understand all terms it contains.

15 5. RESPONDENTS admit, only for purposes of this proceeding and any other
16 administrative proceeding before the Commission or any other agency of the state of Arizona, the
17 Findings of Fact and Conclusions of Law contained in this Order.

18 6. By consenting to the entry of this Order, RESPONDENTS agree not to take any action
19 or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding
20 of Fact or Conclusion of Law in this Order or creating the impression that this Order is without
21 factual basis. RESPONDENTS will undertake steps necessary to assure that all of their agents and
22 employees understand and comply with this agreement. Nothing in this Order shall be construed
23 to restrict any right RESPONDENTS possess to petition the Commission for reconsideration of
24 this Order.

25 7. While this Order settles this administrative matter between RESPONDENTS and the
26 Commission, RESPONDENTS understand that this Order does not preclude the Commission from

1 instituting other administrative proceedings based on violations that are not addressed by this
2 Order.

3 8. RESPONDENTS understand that this Order does not preclude the Commission from
4 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
5 that may be related to the matters addressed by this Order.

6 9. RESPONDENTS understand that this Order does not preclude any other agency or
7 officer of the state of Arizona or its subdivisions from instituting administrative, civil or criminal
8 proceedings that may be related to matters addressed by this Order.

9 10. RESPONDENTS agree that they will not apply to the state of Arizona for registration
10 as a securities dealer or salesman or for licensure as an investment adviser or investment adviser
11 representative until such time as all restitution and penalties under this Order are paid in full.

12 11. RESPONDENTS agree that they will not exercise any control over any entity that
13 offers or sells securities or provides investment advisory services, within or from Arizona.

14 12. RESPONDENTS agree that until restitution and penalties are paid in full,
15 RESPONDENTS will notify the Director of the Securities Division within 30 days of any change
16 in their business or home address or any change in RESPONDENTS' ability to pay amounts due
17 under this Order.

18 13. RESPONDENTS understand that default shall render them liable to the Commission
19 for its costs of collection and interest at the maximum legal rate.

20 14. RESPONDENTS agree that they will continue to cooperate with the Securities Division
21 including, but not limited to, providing complete and accurate testimony at any hearing in this
22 matter and cooperating with the state of Arizona in any related investigation or any other matters
23 arising from the activities described in this Order.

24 15. RESPONDENTS consent to the entry of this Order and agree to be fully bound by its
25 terms and conditions. If RESPONDENTS breach any provision of this Order, the Commission
26 may vacate this Order and restore this case to its active docket.

SUBSCRIBED AND SWORN TO BEFORE me this ____ day of _____, 2002.

My Commission Expires:

By: Brian Bamman

SUBSCRIBED AND SWORN TO BEFORE me this _____ day of _____, 2002.

My Commission Expires: